



April 11, 2014

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

RE: EX PARTE PRESENTATION

GN Docket No. 12-268, *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*
WT Docket No. 12-269, *Policies Regarding Mobile Spectrum Holdings*

Dear Ms. Dortch:

Carolina West Wireless, Inc. (Carolina West) urges the Commission to update its mobile spectrum holdings policies, and in particular to revise its aggregation rules to reflect the unique financial and technical benefits of low-band spectrum.¹ For Carolina West to effectively compete, it must have access to low-, mid- and high-band spectrum. Without up-front, reasonable spectrum aggregation limits, Carolina West will find it challenging to obtain financing to participate in the upcoming incentive auction. To expand competition and provide certainty to the marketplace, the Commission should adopt reasonable, low-band spectrum aggregation rules significantly in advance of its upcoming 600 MHz incentive auction.²

Carolina West was formed in 1991 as a partnership of several local telephone companies. Headquartered in Wilkesboro, North Carolina, Carolina West operates primarily in the western portion of North Carolina, and prides itself on delivering quality services to rural North Carolina. Carolina West currently licenses AWS-1, Cellular, and Broadband PCS spectrum, and operates a network that covers approximately 2.4 million POPs.

Most recently in Auction 66, Carolina West bid on and won nine AWS-1 licenses, paying over \$4.6 million at auction for this spectrum. Carolina West works hard to provide a superior user experience for its subscribers, but there are certain advantages that low-band spectrum provide that cannot be easily replicated by other technological means. As such, it is critical that

¹ *Policies Regarding Mobile Spectrum Holdings*, Notice of Proposed Rulemaking, 27 FCC Rcd 11710 (2012) (MSH NPRM).

² *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Notice of Proposed Rulemaking, 27 FCC Rcd 12357 (2012) (Incentive Auctions NPRM).

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Carolina West have a fair and reasonable opportunity to acquire 600 MHz spectrum in the incentive auction.

Carolina West is ready and willing to invest in its network,³ but this opportunity will likely be out of reach if the FCC does not establish a reasonable, up-front spectrum aggregation limit for the auction. To invest capital in infrastructure, operating entities must be able to justify cash expenditures to their shareholders or take on additional debt financing. Further, it takes an initial investment of time and effort to raise capital to participate in spectrum auctions.⁴ Carolina West may choose not to participate in the incentive auction absent reasonable, up-front spectrum aggregation limits. The auction framework must at least open the door to an opportunity for these carriers to compete against Verizon and AT&T in the auction room.

In conclusion, adopting reasonable, up-front spectrum aggregation limits for the upcoming 600 MHz auction will give rural and regional carriers like Carolina West opportunities to bid, increasing competition throughout the wireless industry. Carolina West urges the Commission to update its mobile spectrum holdings policies to reflect the unique benefits of low-band spectrum and limit the amount of this vital input any one carrier can acquire.

This *ex parte* notification is being filed electronically with your office pursuant to Section 1.1206 of the Commission's Rules.

Sincerely,

A handwritten signature in black ink, appearing to read "Slayton Stewart".

Slayton Stewart
Chief Executive Officer
Carolina West Wireless, Inc.

³ For example, the third through tenth largest wireless providers in the U.S. invested a combined \$5.5 billion in capital expenditures in 2012. See Summit Ridge Group, *Right-sizing Spectrum Auction Licenses: The Case for Smaller Geographic License Areas in the TV Broadcast Incentive Auction* at 6 (Nov. 20, 2013), attached to Letter of Steven K. Berry, President & CEO, CCA to The Hon. Tom Wheeler, Chairman, Federal Communications Commission, GN Docket No. 12-268 (filed Nov. 20, 2013). This figure obviously doesn't account for the capital expenditures of the other +90 wireless operators throughout America.

⁴ It has been shown previously that smaller firms are prone to initially face more limited financing options and consequently confront higher capital costs. See, e.g., Joe Peek, Office of Advocacy, U.S. Small Bus. Admin., *THE IMPACT OF CREDIT AVAILABILITY ON SMALL BUSINESS EXPORTERS* 7-8 (Apr. 2013), available at [http://www.sba.gov/sites/default/files/files/rs-404tot\(3\).pdf](http://www.sba.gov/sites/default/files/files/rs-404tot(3).pdf).



cc (via email):

- Roger Sherman
- Gary Epstein
- Howard Symons
- Edward "Smitty" Smith
- Renee Gregory
- Louis Peraertz
- David Goldman
- Brendan Carr
- Erin McGrath
- Julie Knapp
- John Leibovitz
- Jessica Almond
- Evan Kwerel
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